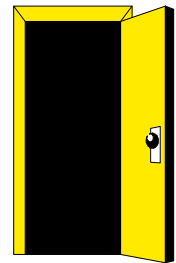




US Army Corps  
of Engineers®

# PARC NOTES



"ONE DOOR TO THE

CORPS"

## PARC's Corner

"The A-F-I-R-E Award"

The Defense Acquisition Workforce Improvement Act (DAWIA) formally declared through statute that the Acquisition Workforce would be populated by a group of Acquisition Professionals. In the Corps of Engineers the PARC is charged with managing, training, recognizing and rewarding the accomplishments of those 1100 series and 800 series procurement and contracting giants who have embraced the new "A-F-I-R-E" concept for improving contracting throughout the Corps. I am pleased to announce to you that we now have two mechanisms to document and celebrate the great accomplishments of our procurement and contracting professionals. The USACE PARC Procurement and Contracting A-F-I-R-E award and the A-F-I-R-E award trophy are highlighted in this edition of PARC Notes. Details will be provided on how the awards and/or trophy can be earned. I am excited about the prospects that these incentives will do for Corps Contracting employee recognition and improvement of the overall productivity through instilling a new concept of **Adaptiveness, Flexibility, Innovativeness, Responsiveness, Efficiency/Effectiveness** in our procurement and contracting activities. Together we shall set Contracting in the Corps of Engineers A-F-I-R-E!! Look for Details of the recognition award and trophy to be published not later than 31 July 1998. We shall develop and maintain an acquisition workforce in the Corps that is world class and second to none.

## Editor's Comments



We welcome all comments and suggestions, so get them in before the 15th of the month. (e-mail Ingrid Williams or telephone( 202) 761-0568, FAX: (202) 761-4752)

## Upcoming Highlights

- # HCA Focus
- # New Career Management Program
- # Construct for CP14s
- # IDIQ Success/Issues
- # USACE Task Force Results, DOD Acquisition Workforce Personnel Demonstration Project

# Contents

#	<b>The A-F-I-R-E Award/The A-F-I-R-E Trophy</b>	3
	<i>The USACE PARC Procurement and Contracting Recognition Program</i>	
#	<b>No Corps Proclivity for Sole Source Procurement</b>	5
#	<b>What the Defense Contract Audit Agency (DCAA) Wants Corps to Know</b>	8
#	<b>Recent HQ USACE Internal Audit and Inspector General Findings</b>	10
#	<b>New SARDA Policy</b>	12
#	<b>News About Us, PARC Personnel</b>	12
#	<b>PARC Implementation Initiatives</b>	13
	<i>Paperless Contacting</i>	
#	<b>PARCing Information Throughout the Corps (PARC Staff)</b>	14
	<i>Credit Card Mania</i>	
	<i>Lesson Learned from Congressionals</i>	
	<i>Central Contractor Registration (CCR) Update</i>	
	<i>Acquisition of Information Technology</i>	
#	<b>Highlights from the Corps Contracting Community</b>	16
	<i>SAD's Contract Audit Follow-up Guidance (FYI)</i>	
	<i>Lesson Learned - Depot Corrosion Control Facility</i>	
	<i>Integrated Product Team (IPT) Process</i>	
	<i>GAO Protest Defended</i>	
	<i>Current Government Defended</i>	
	<i>Best Value source Selection</i>	
	<i>TAC Clarifies LOGCAP</i>	
#	<b>What's New on the Career Front</b>	31
	<i>Training Update</i>	
	<i>The Pilot Procurement Mentorship Management Program</i>	
	<i>Spot Light on a Corp recipient of the General MacArthur Award</i>	
#	<b>Recent Audit Finding</b>	34
#	<b>Trial Insights from HQ USACE General Counsel</b>	36

#	Upcoming PARC Talks	37
#	Important Notes	37
#	" P A R C i n g " L o t THE USACE PARC PROCUREMENT AND CONTRACTING	Questions/Answers 38



### AN EMPLOYEE RECOGNITION PROGRAM

*The Office of the PARC is committed to excellence  
In Customer Service, Procurement Integrity,  
Innovative Full Service Contracting,  
Revolutionary Partnering with Industry,  
Leveraging of Best Practices, and  
Development of a World Class Acquisition Workforce!*

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---

Name of Employee




---

Organizational Entity




---

Category




---

Accomplishment

*The A-F-I-R-E  
Trophy*



**THE PARC SPEAKS OUT  
ON  
VALIDATING JUSTIFICATIONS AND APPROVALS (J&As) –**

The Corps has no proclivity for Sole Source Procurement

On the other hand Sole Source (noncompetitive) procurement are not objectionable when they are valid and the acquisition environment for the requirement has been clearly and comprehensively overlaid over the exception(s) to competition selected and cited in the J&A. J&As must reflect the following:

**Must Be a stand-alone document** – When a J&A is reviewed by any stakeholder with any varying interest (small business participation, restrictions in specifications, other limitations in competition, market research, requirement constraints, unusual customer needs, etc.), the document must clearly address the challenges placed upon the requirement and the intended means of mitigating those challenges. **All issues must be addressed in the J&A.** Whatever other documents need to be referenced or attached to the J&A for clarity should be indicated in the appropriate paragraph in the body of the J&A. **The document should be so clear and complete that the PARC or any other reviewer's short tenure in the Corps at the time of the review should not be a factor for not understanding the environment for the noncompetitive acquisition.**

**Must Overlay the Environment Appropriately Over the Exception Cited** – Oftentimes J&As cite Exceptions over broadly with little enhancement on why the exception applies. The Exceptions to the tenets of the Competition and Contracting Act (CICA) were critically analyzed as fully supporting the integrity of the procurement process; therefore in each J&A whenever a specific requirement falls under a specific Exception, the environment embracing that Exception must be clearly stated. **Again, the Exception Alone is not adequate justification for approval!**

**Must show appropriate public visibility of the intent to award a contract noncompetitively** – Other than a few exceptions and special situations, planned sole source procurement must be synopsized in the Commerce Business Daily (CBD) in accordance with Subpart 5.2 of the FAR. Exceptions are explained in FAR 5.202 and special situations in FAR 5.205. A market survey cannot substitute the Contracting Officer's responsibility to publicize in the CBD. So advanced planning for sole source procurement, under other than emergency conditions, is extremely important so that the time required for synopsis and subsequent actions are adhered to. **Otherwise, approval of the J&A could be denied until proper public notification has been accomplished.** The primary purposes of the CBD notice are to aid in the validation of the sole source, improve small business access to acquisition information, and enhance competition by identifying contracting and subcontracting opportunities. **If noncompetitive awards are intended, agency officials must make public their reasons for doing so.** Generally, the Contracting Officer must synopsize, prepare the J&A when all responsible sources will not be allowed to participate and obtain approval prior to release of a solicitation.

**Must be written in the AFARS format.**

**Must support the use of other than full and open competition.** The J&A must contain relevant facts and reflect consistency throughout the document. J&As based upon irrelevant facts will be returned for additional information and could be disapproved. **The J&A process must be serious business and reflect the highest degree of critical thinking at every level. It must truly reflect an environment for other than full and open competition. The J&A should be able to be challenged by any stakeholder in the acquisition process with any magnification of the microscope, over time, and survive!**

Must have attached to the J&A, the correct certifications.

Must be void of the following specific Problem Areas often encountered in J&A documents:

Paragraph 2. Description of Action.

1. Fails to state type of contract.
2. Fails to identify the type of funds.

Paragraph 3. Description of Supplies/Services.

3. Fails to include options.
4. Fails to state whether options will be evaluated.
5. Fails to include price for option quantities.

Paragraph 4. Authority Cited.

6. Fails to cite the statutory authority for going other than full and open competition.
7. Fails to cite the regulatory authority for going other than full and open competition.

Paragraph 5. Reason(s) for Authority(s) Cited.

8. Fails to adequately justify the Agency's use of other than full and open competition.

(1) Specific Exceptions.

(a) Sole Source/Limited Number of Sources.

- Fails to discuss Technical Data Package (TDP) availability (when applicable).
- Fails to discuss additional cost and time to go competitive.
- Fails to address who imposed program schedules.

(2) Urgency.

- Fails to state the harm to the Government (Financial or other serious injury).
- Fails to discuss delivery schedule/lead times.
- Fails to discuss how the Agency got itself into its present position.

(3) Industrial Mobilization.

- Fails to establish that the item is required for mobilization.
- Fails to justify the numbers being procured.
- Includes additional numbers beyond quantity needed to keep mobilization base warm.
- Fails to state if item is on the Critical Items List.

(4) International Agreement.

- Fails to address to Agency's efforts to inform the requester of possible competition opportunities.

- Fails to include the Foreign Military Sales customer's request.

(5) National Security.

- Fails to state all sources available for competition.
- Fails to address efforts to compete acquisition with all qualified sources.

Paragraph 6. Efforts to Obtain Competition.

- a. Fails to discuss Agency's efforts to seek competition on present acquisition.
- b. Fails to discuss Agency's efforts to Breakout items for competition.

Paragraph 7. Actions to Increase Competition.

- a. This paragraph is often inconsistent with paragraph 5, Reason for Authority Cited. This paragraph often states we have a TDP suitable for competition when paragraph 5 states the Agency doesn't have a TDP.
- b. Fails to discuss future actions to ensure competition (acquisition of a TDP suitable for competition).
- c. Development of qualified sources or pilot programs to increase participation.
- d. Subcontract Plans and Multiple Awards.

Paragraph 8. Market Research.

- a. The Agency fails to complete a Market Survey.
- b. The Market Survey is several years old.
- c. Fails to include the Market Survey waiver if Agency has approved one.
- d. Fails to identify qualified sources.

Paragraph 9. Interested Sources.

- a. Fails to list interested sources.
- b. Fails to discuss why interested sources cannot meet the requirements.
- c. The Agency fails to synopsize the procurement.

Paragraph 10. Other Factors.

- a. Fails to give procurement history.
- b. Addresses issues, which should be addressed in other paragraphs of the J&A.
- c. Fails to discuss other J&As issued for the same item or service.

Paragraphs 11/12/13. Certifications.

- a. Fail to have paragraphs certified.

1. Special Competition Advocacy Concerns.

- a. Length of option periods and justifications therefor.
- b. Agency's effort at breakout or severability of effort.
- c. Acquisition Strategy
- d. Commander, Attorney and PM decisive engagement in the process.
- e. Software data rights and intellectual property rights.

f. The reality of Smaller Budgets; the need for the approval of only valid noncompetitive; and the need to acquire competitive savings.

**Note:** A PARC instruction is forthcoming as strategic guidance to framing the philosophy on noncompetitive contracting. The textbook "Defense Acquisition Management (Sammet & Green, 1990) states: "Despite all obstacles to competition, real and imaginary, it is the most dramatic and effective means of reducing costs to the Defense Department, the prime contractor, and suppliers. Competition, and only competition, will make both prime contractors and suppliers sharpen their pencils. Sole-source suppliers grow lazy and become too easily satisfied with less than serious efforts to reduce costs; suppliers become old friends instead of aggressive cost reducers. When competition was introduced, several advantages accrued: cost reduction, which led to winning more programs; earlier deliveries; better quality; and the implementation of new ideas but at reduced costs. But there are also disadvantages: up-front costs; additional time needed; the necessity of replacing a supplier who has been delivering a satisfactory product; risks generally, especially that of ending up with an unsuccessful second-source supplier." **BUT CAREFULLY PONDER THAT THE DISADVANTAGES PRESENTED ABOVE MUST BE PROVEN AND VALIDATED WITH RELEVANT INFORMATION IN A PROPER J&A STAND-ALONE DOCUMENT!**

### ***WHAT THE DEFENSE CONTRACT AUDIT AGENCY (DCAA) WANTS CORPS TO KNOW***

#### **DCAA ADAPTING TO CUSTOMERS' CHANGING NEEDS** (Peggy Kruse, CPA)

This article gives an overview of the initiatives in place at the Defense Contract Audit Agency. These initiatives support customers' changing needs during this time of acquisition reforms, streamlining, and the movement toward electronic contracting.

The Defense Contract Audit Agency (DCAA) is continually addressing the responsiveness and timeliness of its services. It has adopted new ways of working with customers because of acquisition reform and streamlining and as a result of its increased customer focus over the years. DCAA auditors are not magicians, nor can they always leap tall buildings in a single bound. However, within the structure of government auditing standards, DCAA auditors strive to provide requested services effectively and efficiently.

#### ***Acquisition Reforms and Streamlining***

Acquisition reforms and streamlining have changed the way DCAA does business as they have for the rest of the acquisition work force. Some of the more frequent issues

that come up as part of my duties as a procurement liaison auditor (PLA) are DCAA participation in integrated product teams (IPT), performance of cost realism reviews, assistance with commercial pricing, and support of Paperless office initiatives.

One of the biggest changes has been in evaluation of proposals. Under the working-level IF'T process, referred to by some organizations as alpha contracting, DCAA works with a team of contractor and government representatives to evaluate the proposal as the contractor submits its elements. The contractor then prepares the certified proposal using the results of the IPT's deliberations and DCAA is able to provide an audit report very quickly. With good communication, all IPT members should be knowledgeable about the proposal and any remaining reservations DCAA may have by the time the certified proposal and audit report are prepared.

Although DCAA participation on these teams sometimes involves more auditor time than a traditional proposal audit, the IPT process results in a substantially shorter time for the entire government review. The intent is to avoid rework usually associated with sequential reviews by identifying problems and potential solutions in the earliest stages.

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**Audit Services**

Types of audit services available with of IPTs, or with traditional review services, include full audit, application of agreed-upon procedures, and review of a specified cost element. The auditor can work with the contracting officer (CO) to determine the best choice.

Applications of agreed-upon procedures are reviews of limited information, such as verification of current or overhead rates, verification of estimating techniques, or

application of certain procedures to high-dollar material items.

Reviews of specified cost elements are performed when the requester asks for a full review of an entire cost element but not a review of the entire proposal.

As a member of an IPT, the auditor is able to provide real-time feedback on data required to support the proposal, contractor estimating techniques and impact of any deficiencies, and portions of the proposal as they are approved by contractor management (e.g., bill of materials, other direct cost, and the like).

To adhere to the audit standard of independence. DCAA auditors generally do not sign the IPT memorandum of agreement. However, they are full team members and can communicate to the team leader in writing the auditor's expected role on the team and milestones that will be met.

DCAA fully supports the IPT approach. In addition to the benefit of resolving issues during the early stages in a more timely manner, much learning and understanding of others' perspectives occurs as the full team discusses technical and audit issues.

**Cost Realism Reviews**

When requested. DCAA also assists with cost realism reviews. These reviews are performed on procurement for cost type contracts to be awarded competitively during the source selection process. For cost realism reviews, DCAA performs agreed-upon procedures on selected areas of cost to determine reasonableness and identify possible understatement. Because of the limited risk involved in an environment where a reasonable range can normally be determined from competitive proposals, DCAA is usually able to perform these reviews in a relatively short time.

Cost realism reviews are more than rate checks but less than full proposal audits. Using information available in the field office, auditors can provide their expertise on areas such as contractor's estimating methods, forward pricing factors, reliability of prior cost estimates, and any areas specified by the CO in the request for DCAA services.

**Commercial Pricing**

In support of commercial pricing, DCAA performs agreed-upon procedure reviews of "other than cost or

pricing data" submitted to Cos. With the more recent move to market research. DCAA also is able and willing to support such activities as collecting and analyzing relevant data from contractor records.

### ***Paperless Office Initiatives***

DCAA is working in full support of DOD's Paperless office initiatives. DCAA involvement includes electronic mail, an Internet home page, and inclusion of DCAA's Contract Audit Manual (CAM) in the automated Defense Acquisition Deskbook (DAD).

DCAA has been increasing its use of electronic mail for correspondence and audit reports for several years and has committed to 100 percent electronic transmission audit reports by January 1, 2000. Communication between the auditor and customer on the compatibility of their software is crucial to meeting this goal.

DCAA's home page contains audit guidance memorandums that have not yet been incorporated into the CAM as well as information about the agency. Check it out at <http://www.dtic.mil/dcaa>.

Searches for specific subjects, such as "cost realism," will provide links to many documents including the CAM. (You will find additional information in the CAM about topics discussed above: IPTs, 1-805 and 1-806; Cost realism, 9-311.4; Agreed-Upon Procedures and specified Element Reviews, 9-108; and Other Than Cost or Pricing Data, 9-206 and 14-907.)

As with all new procedures, not everyone at DCAA or the acquisition centers has the same level of experience and expertise with acquisition centers has the same level of expertise with acquisition initiatives. In this learning environment, DCAA uses many means to keep auditors informed and provide reinforcement formal classes, seminars, videos, guidance memorandums, team meetings and auditor-to-auditor sharing of experience. It will take time and practice for DCAA auditors to become comfortable with using new processes. As DCAA auditors become more familiar with expectations and constraints, today's extraordinary effective communication and efficient operation will soon become the norm.

### ***Customer Focus***

Customer focus is a major part of DCAA's strategic plan. One goal is to "assure customer satisfaction by providing

timely and responsive audits and financial services that meet or exceed customer requirements and expectations. "To measure progress in this area, DCAA performs periodic customer surveys in which it asks buying officials about all experiences with DCAA. Results of a 1997 overall customer satisfaction survey are shown in figure 1.

Although these ratings are up from those in a 1995 survey, there is still room for improvement.

DCAA encourages field auditors to work with COs before, during, and after the audit/review to prioritize and determine how best to respond to the COs needs. As a result of DCAA's significant experience with many contractors, auditors are usually able to provide expertise based on that experience and to recommend the most efficient and effective audit services for the situation. For occasional emergencies, DCAA is willing and eager to cooperate as fully as possible to satisfy a command's mission requirements.

In addition to the field auditors, PLAs, many of them located at customer sites, are available to assist customers. PLAs do not interfere with routine cooperative relationships between customers and cognizant audit offices. They do not, however, get involved in facilitating communication when there is confusion or disagreement on audit matters, or when unusual audit requests are being made. PLAs provide general expertise day to day to COs, contract specialists, and price analysts on both audit matters and types of audit services available. PLAs also elevate unusual or systematic customer concerns to DCAA management.

Although DCAA acknowledges the need for auditors to ensure their full involvement with the customer during the audit or review, COs also are encouraged to communicate with the auditor before, during, and after audit/review.

DCAA's regions and headquarters monitor the number of elapsed days from the date on CO request to the CO's receipt of an audit report. Late receipt of an adequate proposal is a mitigating factor that can delay an audit, but the measurement still begins with the date of the CO request. Comments, concerns, and recommendations about audit services should be raised to DCAA through the field audit office, PLA, or directly to agency management. If you are in doubt as to whom to contact, call the Audit Liaison Division at 703/767-2300. DCAA always

appreciates feedback and uses it to continuously improve its services and customer satisfaction. DCAA's vision statement provides its ultimate goal: "Our aim is to be the audit organization with the foremost reputation for competence, integrity, and customer satisfaction."

### **RECENT HQ USACE INTERNAL AUDIT & INSPECTOR GENERAL FINDING**

Corps contracting offices are not conducting a thorough market research in their efforts to acquire contractor support services.

FAR 10.001 states that "agencies shall conduct market research appropriate to the circumstances before developing new requirements documents for an acquisition by that agency." It goes on to say techniques for conducting market research may include "querying government data bases that provide information relevant to agency acquisitions ... and obtaining source lists of similar items from other contracting offices and agencies."

The Information Technology Management Reform Act (ITMRA) authorizes the Office of Management and Budget (OMB) to designate "one or more agency heads as executive agents for Governmentwide acquisitions of information technology." Pursuant to that authority, OMB designated the General Services Administration (GSA) as an executive agent, thereby exempting any interagency dealings with GSA from the requirements imposed by the Economy Act. That Act still permits requiring agencies to place orders for goods and services with other agencies, but only after following specific rules. The Army Federal Acquisition Regulation Supplement (AFARS) provides just that in Subpart 17.5. It states that proposed interagency acquisitions would necessitate the preparation of a written determination and finding by the requiring activity, review of same by legal counsel and approval by "a level no lower than a S/General Officer who is a Commander/Director of the requiring activity."

OMB memorandum M-97-07, Subject: Multi agency Contracts under the Information Technology Management Reform Act of 1996, 26 February 1997, provided further

guidance on this matter. The memo authorized other (than GSA) agencies to enter into Multi agency contracts for information technology (IT) and promoted their use, advocating that the aggregation of agency demand would encourage contractors "to offer the best possible prices, and serve to reduce the overhead associated with multiple acquisitions, particularly by smaller agencies."

The Office of the Assistant Secretary, Research, Development and Acquisition, Department of the Army, has also discussed the use of these contracts in memorandum SAID-PP, Subject: Indefinite Delivery (ID) Contracts, 22 September 1997. That memo states the "the Army shall make the maximum practicable and prudent use of ID contracts, both as a user of non-Army instruments and in the establishing and awarding of such instruments." It goes on to say that Army offices shall "not award a new, single purpose contract if there is an existing ID contract, Army or non-Army, that will satisfy the requirement and represents the best business arrangement for the Army..." It further reinforces the elite status of GSA, stating that Economy Act requirements do not apply when requirements with funds are sent to GSA for IT.

Every subordinate command visited during the course of our inspection shared a common need for contractor support in performing their information technology function. Those needs would typically be categorized as facilities management/maintenance services and include network management and maintenance, data entry, microcomputer and end user support and staffing the help desk. The Corps offices would either contract for those services directly or enter into an interagency agreement with GSA for the providing of same.

The most popular of the various Governmentwide Agency contracts (WACS) offered by GSA are those awarded under the Federal Information Systems Support Program (FISSP). That program is designed to provide IT services to client agencies on a *negotiable* fee for service basis. GSA will always assign a project manager to the client office/agency using their contract(s). That project manager will offer to provide the client with a variety of services, to include writing the statement of work, developing a cost estimate and negotiating a firm

fixed/ceiling price with the contractor. The cognizant GSA regional office would assume financial management of the contract, a responsibility that would entail reviewing and certifying contractor invoices for payment and making the appropriate payments. The client office's representative would be responsible for determining acceptability of contractor services.

Most of the inspected offices relied upon GSA to provide them with contractor support and many of the accompanying interagency agreements were entered into prior to the passage of the ITMRA. The clients were comfortable with the arrangement and saw no need to look elsewhere in view of GSA's "executive agent" status. They were satisfied with the quality of the services received and felt strongly that the rates negotiated for contractor services were unbeatable. Those opinions were reinforced by a limited market research that often times was no more extensive than placing phone calls to area businesses, inquiring about availability of resources and requesting quotes. The possibility that better deals were obtainable from other providers of WACS was never a consideration.

A few offices chose to acquire contractor services directly, awarding contracts to predominantly small businesses. Their choices were made after soliciting best offers from those businesses and comparing same with what GSA had in place for that locale. The accompanying documentation supported their decisions, as the majority of the rates bettered what GSA had negotiated for the same/similar skills, sometimes by amounts exceeding \$10.00/hr. It also served to refute any unqualified claims made by GSA-serviced offices about the futility of market research.

The individuals involved in making the above decisions weren't completely without fault, however. They were queried about researching the GWAC market outside of GSA. They had not done so, owing to either concerns over the restrictions imposed by the Economy Act or ignorance of the GWAC market. Concerns over the Economy Act dealt specifically with the review and approval requirements (i.e., approval at a level no lower than a S/General Officer). A strict reading of the AFARS would necessitate the forwarding of all district command "determinations and

findings" to the major subordinate command for approval. Many viewed that stipulation as a disincentive to look to other agencies.

The number of agencies involved in Multi agency contracts has grown considerably in recent years. GSA freely admits that it receives stiff competition from agencies such as the Department of Transportation (the Information Technology Omnibus Procurement), the National Institute of Health (the Chief Information Officer Solutions and Partners contract) and the Defense Information Systems Agency (the Defense Enterprise Integration Services - 11 contract). Further information on those WACS available for use by all Federal agencies can be obtained by visiting the Defense Information Systems Agency website at <http://www.disa.mil/D7>.

## **NEW SARDA POLICY**

### **Authority for Severable service Contracts that Cross Fiscal Years**

*(Esther Morse, SARDA)*

*Look for and review Policy Memorandum, SAID-PP, dated 20 March 1998*

Section 801 of the FY98 Defense Authorization Act Authorizes contracts for procurement of severable services for a period that begins in one fiscal year and ends in the next fiscal year if (without regard to any option to extend the period of the contract) the contract period does not exceed one year. Funds made available for a fiscal year may be obligated for the total amount of an action entered into under this authority (see 37.106(b)).

The Defense Acquisition Regulations (DAR) Council has drafted language which amends FAR 32.703 and 37.106 to implement this change. Also revisions to DFARS 237.106 will require departments and agencies to submit reports not later than 15 days after the end of both fiscal years 1998 and 1999 concerning contracts award under this authority.

I hereby grant a class deviation to FAR 32.703 and 37.106, authorizing contracting officers to enter into contracts for periods that cross fiscal years if (without regard to any option to extend the period of the contract) the contract period does not exceed one year. This class deviation is effective immediately, is assigned number 98-

DEV-1, and is available for use until such time as the FAR and DFARS changes become effective.

### ***NEWS ABOUT US***

**Anthony (Tony) Cochran**, HQ, Chief of Operations & Contract Management Review Division, is now Director of Contracting Position at North Atlantic Division, effective April 12, 1998.

**Raymond (Ray) Pollard**, Acting Chief of Contracting Policy Division, moved to a job at Defense Logistics Agency, International, effective March 16, 1998.

**Mary Fitzgerald**, GS-13, New Senior Procurement Analyst Operations Division, has reported for duty on 10 May 1998.

**LTC Tillman**, Deputy Chief, Policy Division, has reported for duty on 4 May 1998.

**LTC Moran**, Deputy Chief, Operations Division, will be reporting for duty July 1998. He is presently in Korea.

**Roger Adams**, will be joining the PARC office soon in Contracting Policy Division. Roger will be serving as a GS-1102-13 Senior Procurement Analyst. He previously served with the Corps of Engineers handling the Contingency Contracting Operations in Germany.

**COL Moyer**, Deputy Chief, OPARC, has been selected for FY99 Colonel Acquisition Command! Congratulations to Col Moyer! She has also been notified of her early activation, assuming command, August 1998.

## ***PARC IMPLEMENTATION INITIATIVES***

### **PAPERLESS CONTRACTING**

*(Angela Billups, CEPR-P)*

Paperless contracting is a management reform initiative. The Deputy Secretary of Defense, Dr. John J. Hamre, is very serious about moving to a paperfree contracting process by January 1, 2000. Therefore, all Departments are briefing their perspective Service/Agency plans for achieving this reform on a monthly basis. Paperless contracting is critical to the Department's streamlining and cost reduction efforts and must succeed. One of our first opportunities in this regard is the expansion of the electronic document access (EDA) global repository of online contract and modification documents and other Intranet-based solutions. The Paperless contracting focus is on requirements for contracting to contract closeout. The entire acquisition community is included in this effort, Program Managers, Logistics, Contracting, Contract Administration, and Finance and Accounting, DoD-wide.

The Army's Paperless Acquisition Vision: "Paperless Acquisition is the Army's Visionary Concept for Acquiring Supplies, Equipment and Services Necessary to Support Force XXI. The Goal is to Harness Current Technology to Create an Electronic Infrastructure Requiring No Paper Documentation." USACE fully supports the Army's Paperless Contracting Vision. The USACE Paperless contracting implementation plan directly supports the Chief of Engineer's Master Strategy goal to: "Revolutionize effectiveness by dramatic improvement in performance and customer satisfaction, which will be achieved through best business practices, bold process reengineering and innovative use of technology."

Paperless contracting for USACE has already begun. Several systems that will help us reach the Army's Paperless contracting goal of 1 Oct 1999 are already in place. Systems currently augmenting the paperless processes are CEFMS, SAACONS, E-mail, and Internet. Future systems include RMS, PROMIS, SPS and others. But these systems could not ever replace the input we need from the USACE workforce. Paperless contracting will not work without you. Your role in the paperless contracting implementation plan is vital and we will provide you with information, request data from you when necessary and periodically send out progress reports. The Army Paperless Contracting Internet address: <http://acqnet.sarda.army.mil/paperless/>. OPARC paperless contracting POC is Angela Billups, 202-761-8644.



## ***“PARCing” INFORMATION THROUGHOUT THE CORPS (PARC STAFF)***

### **CREDIT CARD MANIA**

*(Jerry Merchant, CEPR-O)*

#### **Credit Card Delinquencies, New Awards**

As we cleared the Old Rocky accounts out, the outstanding bills suddenly began to creep up again. We have ascertained that this arose from merchants/vendors submitting invoices with the old account numbers and not going through a bank authorization process which would have caught the old numbers. Please advise cardholders to work with their vendors. When invoices come in with the old account numbers, dispute them. A significant lag is beginning to show up on some of the new Bank platform accounts. Please be vigilant in policing these accounts. Catching has been a tremendous effort on all your parts, we don't want to lose any of the ground we've gained. It was much too hard to get here.

New awards have been announced by GSA. Several Banks have received contract awards for purchase cards, including the incumbent contractor. DoD will pick the Bank for all activities, including the Corps. APC's would be well advised to monitor the Home pages of GSA Federal Supply Service and the Army Acquisition Home pages for the latest news in contract awards and award of a DoD delivery Order. The new contract period begins November 1998.

At the DOD Acquisition Reform Week III ceremonies in Pentagon courtyard on 4 May 1998, five David Packard Acquisition Awards were presented by Mr. William Cohen, Secretary of Defense. One was to The Department of Army Purchase Card Program Team. Mr. Jerry Merchant, Agency Program Coordinator, Level 3, was a team member as were Messrs. Beall and Best of CERM. Afterwards, individual certificates handed out by Mr. Gregory and Dr. Oscar.

The new bank contractor(s) has not been selected. Software solutions of all six awardees are being examined. CEFMS is being taken into account in this effort. The current contract expires 30 November 1998. A new task order/orders will be issued well before that time in order to effect an orderly transition. The incumbent contractor is one of the six awardees, but even if that bank should again be selected, the terms of the contract will have changed and new cards will be issued. Current information will be web posted at <http://www.purchasecard.dfas.mil/>, the PARC Homepage, and disseminated to Program Coordinators by E-mail. As you have been notified, the new Travel Card (NationsBank) has been selected by DOD. This came from the same solicitation and same slate of awardees.

As we adopt more private sector methods, private sector terms come into usage. The following are generally applicable in most financial institutions, and are included for your reference: Level 2 is Department (home office), Level 3 is MACOM (profit center), Level 4 is District or Installation (plant), Level 5 is the Cardholder (same).

Mr. Bruce Sullivan, known to all as the Army Program Coordinator, Level 2, is now the DOD Program manager for Purchase Cards. As in the past, Bruce will continue to work closely with Kathy Miller of ASA(FM) and the cross-functional teaming in HQ USACE will continue. Resource Management is both partner and customer in this great adventure, but the gateway to the contract will continue to be the Program Coordinator at the District or Laboratory. Our Acquisition Counterparts are in the Service and DOD Headquarters and at GSA. This is a multi-billion dollar program now, and it has saved the taxpayers billions of dollars. But don't think exclusively micropurchase at this point. Online buying of commercial items is the future, and

digital money is the specie used therein. The contracts are going to be used to convey a host of other financial services, though all involve lines of credit. In general, the term "financial services" means a line of credit, and we must never lose sight of the fact that we are borrowing money in good faith and conduct ourselves accordingly. Cardholders cannot be reminded too much of this, the whole world is watching.

## LESSONS LEARNED FROM CONGRESSIONALS

*(Jerry Merchant, CEPR-O)*

The more persistent problem is that of payments. Contractors submitting claims expect payments far sooner than can be reasonably anticipated given the time required for audits and negotiations. Then should be emphasized in post award conferences. Many problems however are just things falling through the cracks. It is vital that close working relationships be maintained with your RM's.

On a related note, though we have no guidance from DOD or Army as yet, Electronic Funds Transfer (EFT) for all payments including contracts, must be in place by 1 January 1999. Those are all instruments, not just new awards. (The Law was signed in April of 1996.) Treasury can, under the law, fine non-compliant agencies. (At what level the fine would be levied is not yet known.) This is a heads up, we are working cross-functionally to get EFT in place as the requirement has an impact on many areas, finance, contracting, travel, logistics, and human resources, just to name a few.

The hollow contract issue is not just an internal one, it has been elevated to members of the Congress on a number of occasions. This is particularly embarrassing for very high dollar contracts. We need to strive to keep our estimates realistic and avoid "field of dreams" dollar limits on these contracts.

## CENTRAL CONTRACTOR REGISTRATION (CCR) UPDATE

*(Angela Billups, CEPR-P)*

As you know the new applicability date for CCR is 31 May 98. But there were several other areas of concern noted in the message:

**Problem:** The CCR database query affects our ability to identify small business concerns in CCR database and to send presolicitation notices...

**Solution:** CCR really does not affect our ability to identify small businesses for presolicitation purposes. The CCR database will make this process more efficient because you have the ability to limit your query to very specific criteria. The presolicitation requirement outlined in the EFARS will be reviewed for applicability in light of several new initiatives such as: Electronic Bid Sets, Business Opportunity Pages, Synopsis in CBD and CCR. The presolicitation notices were required for the purpose of avoiding the cost associated with sending out large sets of specifications to potential offerors which may or may not be interested in the project.

**Problem:** The other problem I foresee is the actual creation of the presolicitation list and mailing labels from the CCR database...

**Solution:** The EFARS will be reviewed to address the value of requiring presolicitation notices. If it is determined that the presolicitation notices are necessary, a process will be developed to create mailing labels from the CCR data.

There are not any plans to create an interface between SAACONS and CCR per a telephone conversation with SAACONS, PM. A link between CCR and SPS is being discussed but the details are not final.



**ACQUISITION OF INFORMATION TECHNOLOGY***(Col Anita Moyer, CEPR)*

The Product Manager, Small Computer Program (SCP), Systems Management center, U.S. Army Communications-Electronics Command (CECOM) encourage the use of several standard contracts for the acquisition of Information Technology (IT). These contracts provide new general purpose IT (e.g., business systems, desktops, infrastructure, and solutions for Year 2000, Process Reengineering, and Information Security).

The migration to standard products allows the most effective leveraging of IT assets. Those familiar with the contracts have been impressed by their low administrative fee (1-2%). They have also found that by using these contracts they save administrative costs, reduce acquisition lead-time, and save on the cost of many items.

Use their web site to check out these contracts and compare to other contracts (like GSA, etc). Details of the contracts are on CECOM's web site at [www.monmouth.army.mil/scp](http://www.monmouth.army.mil/scp). You can also get to this web site from the USACE, CEIM-I Homepage--drill down and the link is under IT contracts. The URL is: [www.usace.army.mil/inet/functions/im/ceimi/itcong2.htm#defense](http://www.usace.army.mil/inet/functions/im/ceimi/itcong2.htm#defense).

## ***HIGHLIGHTS FROM THE CORPS CONTRACTING COMMUNITY***

**SAD CONTRACT AUDIT FOLLOW UP GUIDANCE***(Kay Bauer, CESAD)*

We are approaching the Overage Audit Review Board (OARB) to discuss the errors in reports and hopefully obtain the status of and make recommendations to expeditiously resolve most of the Overage Audits. SAD has distributed the following Guidance Consolidated from Contract Audit FOLLOW UP (CAF) training conducted at Ft. Belvoir and in Atlanta as a supplement to the CAF guidance issued by the PARC office. This guidance might be useful in enabling each Contracting office to continue reducing or totally or eradicating errors in reporting.

***PREPARATION OF AUDIT REPORTS IN CAF DATABASE:***

1. **ACTIVITY CODE:** Ensure that the Activity Code is correct. It must match the first six elements of the CONTRACT ft. A military contract in CESAM, for instance, would have an Activity Code of DACA01; a civil works contract in CESAM would have an Activity Code of DACW01.

2. **AUDIT NO.:** Ensure that the Audit No. is correct. A

correct audit report number will have 4 characters, then a dash (-), then eight characters, then a dash, then from a single to any number of characters. For instance, 1251-95FI7200-0355183. Supplemental audit reports would be reported as, for example, 1251-95FI7200-0355183-SI. Note the dash must be placed after the third set of characters and before the S. You will find that the Audit Number depicted on your actual audit report will not necessarily follow the numbering system depicted above - usually they will be missing the dash (-) after the second set of characters. You must assure that you make the necessary changes when entering the audit report number in your database.

3. **AUDIT REPORT DATE:** The audit report date must be the same date as shown on the audit report and entered as MM/DD/YY, i.e., 08/08/97.

4. **CONTRACTOR:** Please double check the spelling of the Contractor name. The only errors I have ever noted here have been typographical. Assure you enter the full name of the company, i.e., JOHN Q. SMITH CO., INC.

5. **TYPE AUDIT:** In order to select the Type Audit, use the following to identify the correct letter to be entered

in this field:

Type Description	Activity Codes
A Estimating System Survey opinions requiring contractor corrective action	24010, 24030, 24090 (if the audit-contains adverse opinions requiring contractor corrective action)
B Accounting Systems And Related Internal Control	12500, 16995, 17700, 17750, 11010, 11020, 11050, 13080, 11510, 11520,
System Reviews	12010, 12030, 13010, 13020, 13060, 13070, 13090, 13100, 14980, 16993, 16999, 26000, 11070 (If the audit contains adverse opinions requiring contractor corrective action.)
C* Claims (Includes Requests for Equitable Adjustments)	17200, 17300, 17400
D Defective Pricing Review	42000, 42010, 42020, 42040, 42097, 42098 (Reportable if the revised net recommended price adjustment is greater than zero.)
E CAS Noncompliance And Cost Impact	19200, 19500 (All 19200 reports are reportable; 19500 reports are reportable if total exception dollars are greater than zero.)
F* Operations Audits	10501, 10250, 10310, 10320, 13030, 13040, 13050, 13500, 14010, 16990, 16994, 17800, 17900

G\* Incurred Cost and Settlement of Final Indirect Cost Rates 10150, 10250, 10310, 10320, 13030, 13040, 13050, 13500, 14010, 16990, 16994, 17800, 17900

H Contractor Insurance/ Pension Reviews None

I\* Final Price Submission 15300

J\* Terminations 17100

\*Reported costs or rates questioned and/or qualified must equal \$100,000 or more.

#Containing reported CAS noncompliance OR costs or rates questioned and/or qualified equal to 100,000 or more. DLA

will identify those that are reportable. See DODD 7640.2, Change 1, para. E.4.

6. COSTS QUESTIONED: Enter the amount of Costs Questioned. from the audit report in this field. If Costs Questioned have changed from one reporting period to the next, enter the current amount in this field and enter appropriate information in REMARKS to explain the change. This could occur if an auditor sends you a revised page to an audit advising that further review revealed an error in the Costs Questioned as contained in the original audit report, for example.

7. COSTS SUSTAINED: Enter into this field the amount of the Costs Questioned by the audit report that were sustained by the Contracting Officer and documented in the Price Negotiation Memorandum or the Contracting Officer's Decision. Following are suggestions on computing costs sustained for CAF:

a. If the difference between the amount of the contractors' claim and the amount awarded to the contractor is equal to or greater than the costs questioned by the editor, the sustained costs are equal to the costs

questioned. THE SUSTAINED COSTS CAN NEVER EXCEED THE COSTS QUESTIONED.

b. If the difference between the amount of the claim and the amount awarded to the contractor is less than the costs questioned by the auditor, the sustained costs are equal to that difference.

c. You will sometimes have assist audits that are improperly reported into the system by DCAA. An assist audit is an audit on a subcontractor to your prime contractor. You will forward audit requests to the cognizant DCAA office that is responsible for auditing the prime contractor. In that request, you will identify subcontractors for which you also require an audit. The cognizant DCAA office will then request the cognizant DCAA office for each subcontractor location to perform assist audits and provide those assist audits back to the requesting DCAA office. The cognizant DCAA office for the prime contractor will then prepare an overall audit report that covers the prime contractor and all subcontractors for which audits have been requested. Only the prime contractor audit is reportable if it meets the reportable criteria in paragraph 6 above. However, we have had a few instances where the cognizant DCAA office for a subcontractor performs an assist audit and rather than coding the audit as such and providing it to the cognizant DCAA office for the prime contractor, they submit the report direct to you and enter it into the DOD reportable audit log. You must then report the subcontract audit in the CAF database and it must be reported as a subcontract audit with data to match the report on the prime contractor audit and closed out simultaneously. In this case, you must maintain records of your negotiations that will enable you to ascertain and report the amount of the costs sustained on this subcontract audit. (Districts that have experienced this unfortunate phenomenon have worked with DCAA to get the assist audits taken off the DCAA audit log but have not been successful to date.)

Remember that there are three areas to consider in calculating Costs Sustained; (1) the amount of IL-he claim as a separate item, (2) the amount of the costs questioned out of the total claim as a separate item, and (3) the amount of costs questioned that are upheld or sustained by the Contracting Officer.

8. RESOLVED: In order to determine whether or not an audit report is RESOLVED, you must understand the definition of Resolution. See DODD 7640.2, paragraph 14, page 2-2. For the purpose of audits on Claims and Requests for Equitable Adjustments, an audit report is resolved when the Contracting Officer determines the course of action to be taken and documents it in a Prenegotiation Objective Memorandum (POM) or a Findings of Fact (FoF) to support a Contracting Officer's Decision. The date the Contracting Officer signs the POM or FoF becomes the Resolution date.

9. CRIMINAL INV: An audit should be reported as being under Criminal Investigation only if the district has a letter from the investigating agency (such as CID) putting a hold on any further action. Otherwise, districts are required to continue to pursue resolution and disposition. Note the following additional information/actions relating to audits under Criminal Investigation:

a. You must put the investigation activity and the date of their letter putting a hold on action in the REMARKS block of the report. That information is to remain in the REMARKS block for subsequent reporting periods until such time as the hold is lifted by the investigation activity. SAMPLE REMARK: CID LTR. DTD. 01/15/98.

b. Once the investigation activity lifts the hold, you must have a letter from the investigation activity to that effect and the date of the letter must be placed in the REMARKS block. This remark only needs to be put in for the current reporting period in which the status changed to NOT IN CRIMINAL INVESTIGATION. SAMPLE REMARK: CID RELEASED HOLD, LTR. DTD. 04/30/98.

c. The CAF Monitor is responsible for having the appropriate district entity (OC probably) check with the investigation activity in March and September of each year to determine any changes in status and ascertain that timely investigative action is being taken. If the investigation activity appears to be dragging its feet, raise this issue to the Division Office CAF Monitor's attention for appropriate action.

10. PENDING LITIGATION: You will report audits as

Pending Litigation if a Contracting Officer Decision (COD) has been issued and has been appealed to a Contract Appeals Board within the 90 day period for filing such an appeal.

a. You must place the forum and the docket number(s) in the REMARKS block of the report and that information must remain in the REMARKS until the audit is closed out and deleted from your database. SAMPLE: ASBCA DOCKET 474545. if you have received a copy of the appeal but do not yet have the docket number, put information in the REMARKS block. SAMPLE: KTR APPEALED TO ASBCA 3/15/98, DOCKET # NOT YET AVAILABLE. If no approval is made in this time frame, you report the audit as NOT in litigation, use 'the date of the COD as the disposition date and close out the report. If a contractor files an appeal to a court within one year of the COD, you must reopen the audit report by reporting it in the CAF database as PENDING LITIGATION and note in the REMARKS that the report is reopened and identify the Court and Docket #.

SAMPLE: REOPND., COURT OF CLAIMS DOCKET 4ABCS593.

Remember, this information must now remain in the REMARKS field of your report until the audit is closed out and deleted from your database.

b. The CAF Monitor is responsible for having the appropriate district entity (OC) check with the Board or Court in March and September of each year to determine current status of the case and document status in the REMARKS field of the report.

11. RESOLUTION TARGET DATE: A Resolution Target Date must be entered for any audit that is not resolved. The Resolution Target Date must reflect resolution within 6 months of the date of the audit report. For example, an audit dated 1 April 1998 should have a resolution target date of no later than 30 September 1998. Once an audit is reported as resolved, this date should be deleted. Note that any audit that is not reported as resolved within 6 months of the audit report date is considered overage and reported to the Overage Audit Review Board. I have noted repeatedly

that the six month date is reported incorrectly in that the example shown would be reported as 1 October 1998 rather than 30 September 1998. Remember, six months later is going to be one calendar day less than the calendar day in the report date. Note that YOU would use the 6 month target date only if you do not have a set target date of less than 6 months.

12. RESOLUTION DATE: See paragraph 8. above to determine the Resolution Date. This date is to be filled in only if the audit is RESOLVED.

13. DISPOSITION TARGET DATE: A date must be entered in this field for any audit report that is not dispositioned. See DODD 7640.2, paragraph 7, page 2-1, for the definition of a dispositioned audit report. Claims and requests for equitable adjustment are dispositioned when either a settlement is negotiated, a Price Negotiation Memorandum is prepared and signed, and a contract modification is executed by both parties or a Contracting Officer's Decision (COD) is issued and not appealed to a Board within 90 days. The date of the contract modification or COD would become the disposition date in those cases. For example, an audit report dated 1 April 1998 should have a target disposition date no later than 31 March 1999. Once an audit is reported as having been dispositioned, this date should be deleted. Audit Reports are considered overage if they are not dispositioned within 12 months of the date of the audit report and must be reported to the Overage Audit Review Board.

14. DISPOSITION DATE: See paragraph 13. above to determine the Disposition Date. This date is to be filled in only if the audit is Dispositioned.

15. Data elements for CONTRACTING OFFICER, CONTRACT #, and TEL are self-explanatory. No entry is required for DSN, DIV, and PROC POINT. STATUS is self-explanatory.

16. REMARKS: This field must have date provided for every audit reported. Following is additional guidance:

a. The first time an audit is reported, include a remark FIRST REPORTED MAR 98 or SEP 98. Remember

that this database is only reported to DOD in March and September so those are the only two months that can be used. Obviously, the year will change. Delete this remark in the next reporting period.

b. When an audit STATUS is CA or CB, include a remark CLOSED MAR 98 or SEP 98. Remember that this database is only reported to DOD in March and September so those are the only two months that can be used. Obviously, the year will change. Remember, once an audit is reported as CA or CB, to delete it from the database in the next reporting period.

C. If an audit is being reported which supersedes another audit, include a remark SUPERSEDES AUDIT 1271-97A17200-092 DTD 7/25/97, for example. This remark will continue to be included until the audit report is closed out and deleted from the database. Instructions for closing out reporting of superseded audits are as follows:

(1) Edit the superseded audit by zeroing out the COSTS QUESTIONED, show the audit as RESOLVED, if PENDING LITIGATION leave the Y, leave the TARGET RESOLUTION and TARGET DISPOSITION DATES blank, show the date of the superseding audit report as the RESOLUTION AND DISPOSITION DATE, enter the appropriate STATUS (CA or CB), and in REMARKS state, for example, CLOSED MONTH/YR. SUPERSEDED BY AUDIT 1271-97A17200-092-SI DTD. 11/15/97.

(2) If an audit that has been superseded is reported as PENDING LITIGATION, assure that the REMARKS also include the Board or Court and Docket numbers. As stated in 10. above, this information must remain in your Remarks until the audit is closed out and deleted from your database.

d. If changes must be made in data elements such as ACTIVITY CODE or TYPE AUDIT from one reporting period to another, edit the audit record to reflect the change and enter information in REMARKS to explain the change. For example, if an auditor has used incorrect numbering in the second set of characters in the audit number which causes the wrong type of audit to be reported, put in a remark such as AUDITOR MISCODED,

AUDIT TYPE CHANGED TO C. Leave this type information in the REMARKS until the audit report is closed and deleted from your database.

e. Sometimes audits are reported in error or need to be deleted from the database. One example is if a subcontractor assist audit has been reported and the district is successful in getting the audit deleted from the DOD reportable audit database. Another is if a nonreportable audit was previously reported (this has happened a couple of times but was caught by this office so never went to DoD). Audits can never be deleted from the database without being reported as closed. In situations like the examples above, these audits must be administratively closed. The procedures for administratively closing an audit record, including information to go into the REMARKS block, follow:

(1) To administratively close, zero out the COSTS QUESTIONED and COSTS SUSTAINED fields; enter a RESOLUTION DATE and DISPOSITION DATE that fall within the current reporting period; enter the appropriate closure STATUS (CA or CB); and enter appropriate descriptive REMARKS such as SUBK ASSIST AUDIT REPORTED IN ERROR MAR 98 - ADMINISTRATIVELY CLOSED SEP 98 or REPORTED IN ERROR MAR 98 - ADMINISTRATIVELY CLOSED SEP 98.

f. If COSTS QUESTIONED have changed from one reporting period to the next, include appropriate remarks such as COSTS QUESTIONED CHANGED FROM \$101,987 TO \$201,987 PER DCAA LTR DTD 8/15/98.

#### MANAGEMENT OF DATABASE:

1. Once all open audits are updated and new audits entered into your database, perform the RUN EDIT CHECKS function and make any necessary corrections.

2. Once your database successfully passes the edit checks, perform the COMPARE TWO DATABASES function under the UTILITIES menu. You will compare your current database (March or September) with the previous database submitted (March or September). This function will generate two reports as follows:

a. REPORT OF CURRENT RECORDS NOT REPORTED EARLIER OR IN LITIGATION WITHOUT REMARKS: This report lists audit numbers that did not appear in the previous (Older) database but are in the current (Newer) database. All listed records that have the Report Date and Status printed fall into this category. Also listed in this report are audits that are audits that are in litigation but have nothing in the REMARKS field. Remember, all audit reports must have information in the REMARKS field. Those in litigation must always show the Board or Court and Docket Number(s) as well as current status of the litigation such as when hearings are scheduled, plans on using ADR to resolve, etc.

b. LISTING OF EXISTING AUDITS FROM OLDER DATABASE --UPDATED DATA FROM NEWER DATABASE: This report lists audit numbers that are in the OLDER database but do not appear in the current database. The message "NOT IN (DATE FOR CURRENT) DATABASE" will be printed beside the audit record information. These are records which may have been inadvertently dropped from the current database. Any audit records that had a STATUS of OA, OB, OC, OD, or OE in the OLDER database must be contained in the current database either as open or closed audit reports. Also listed are audit records reflecting a different COSTS QUESTIONED figure from the amount reported in the OLDER database. This difference must be explained in the REMARKS of the current database. Resolve all database discrepancies, including making any necessary corrections and perform the COMPARE TWO DATABASES function again to assure that your database is correct. Once this is done, your database is now ready for creation of a BACKUP database and EXPORT FILE for electronic submission to CESAD-CT.

3. Your EXPORT FILE will be created in Delimited ASCII Text and attached to an E-mail message to Frances K. Bauer at CESAD-CT.

#### REPORTING PERIODS:

1. The CAF Database must be submitted to DoD twice each FY for periods ending 31 March and 30 September. See AFARS 15.890 and EFARS 15.890-2 for further

information.

2. It is SAD Policy that you submit your CAF Database to CESAD-CT quarterly. CESAD-CT will issue a memorandum giving you required reporting dates to SAD for FY99 reports prior to the end of December 1998. The required reporting dates are generally within ten calendar days after the end of the first and third quarters (Oct. - Dec., Apr. - Jun.) and generally by the 20th day of March and September.

#### USING THE CAF PROGRAM AS A MANAGEMENT TOOL:

1. The CAF Program provides reports for your use in managing your program. The IG SEMI-ANNUAL is particularly useful. Selection of this results in production of a report titled "STATUS REPORT ON SPECIFIED CONTRACT AUDIT REPORTS". This report should be prepared by you after submission of your March and September reports to identify those reports that are UNRESOLVED and more than 6 months old or NOT RESOLVED AND/OR DISPOSITIONED and more than 1 year old. These audits must be reported to the HQUSACE Overage Audit Review Board in the Overage Audit Review Board Reportable Audit Action Plan format. See AFARS 15.890 and EFARS 1.690 for further information. The CAF Monitor is responsible for assuring that the Overage Audit Reports are prepared and submitted via electronic mail to Frances K. Bauer no later than the 8 April and October of each year. If the 8th falls on the weekend, they are due to CESAD-CT the Friday before the weekend.

2. This report should be run after completion of your first and third quarter CAF reports and the audits aged to 31 March or 30 September of the appropriate year. This will identify for you audit reports that will become overage for those reporting periods if they are not resolved and/or dispositioned before then. You should then notify the Contracting Officer, Contract Specialist, Administrative Contracting Officer, and any others appropriate of this fact and that every effort should be made to prevent these audits becoming overage.

REPORTABLE CONTRACT AUDIT FILE

## DOCUMENTATION:

1. The CAF Monitor is responsible for setting up a file for each contract audit that is reported in the CAF Database. This file should include the following:

a. Contract Number, Contractor Name and Address, Contracting Officer and Administrative Contracting Officer names and telephone numbers, Contracting Officer Representative name and telephone number. Include other names and telephone numbers as appropriate such as OC representative if audits are in Criminal Investigation or Litigation.

b. Copy Contractor's Claim or Request for Equitable Adjustment, Termination Settlement Proposal, etc.

c. Copy of Memorandum to DCAA requesting audit.

d. Copy of Audit Report.

e. Copy of document transmitting Audit Report to Contract Specialist/Contract Administrator with time line for Resolution and Disposition.

f. Copy of Prenegotiation Objective Memorandum (POM).

g. Copy of Price Negotiation Memorandum.

h. Copy of Contract Modification which reflects disposition of Audit Report

i. Copy of Findings of Fact to support Contracting Officer's Decision.

j. Copy of Contracting Officer's Decision (COD).

k. Copy of Letter from Investigation Agency placing hold on resolving/dispositioning audit report.

l. Copy of Letter from Investigation Agency releasing hold on resolving/dispositioning audit report.

m. Copy of Contractor Appeal of COD.

n. Copy of letter from Board or Court assigning Docket Number.

o. Copy of Board or Court Decision

p. Copy of any contract documents reflecting implementation of Board or Court Decision, if required.

q. Copy of letter to DCAA providing information relative to resolution and disposition of the audit report.

2. A copy of the audit report will be provided to CESAD-C-L no later than the date of electronic transmission of the CAF quarterly report to CESAD-CT. Copies of any of the other documents listed in 1. above will be provided to CESAD-CT upon specific request only.

## AVAILABILITY OF CAF MONITOR:

1. The Chief of the Contracting Division is required to advise the Director of Contracting, CESAD-CT, of any change or proposed change in the CAF Monitor. The CAF Monitor, or someone thoroughly familiar with the CAF Program, must be available to respond to CESAD-CT relative to questions on the March and September CAF reports from the time the report is submitted to CESAD-CT through the due date to DoD of the CAF Report as detailed in AFARS 15.890. If the CAF Monitor is going to be absent in this time frame, the district is responsible for notifying CESAD-CT of the absence and the alternate point of contact for any questions.

2. Contracting Officers and Administrative Contracting Officers are required to be available to participate in the HQUSACE Overage Audit Review Board. The CAF Monitor is responsible for notifying those individuals of the time, date and place of the Overage Audit Review Board meeting. Normally the Board will contact each district with an

Overage Audit Report via telephone, however, there may be times the Contracting Officer and Administrative Contracting Officer will have to physically travel to the site where the meeting will be held. HQUSACE (CEPR) will advise MSC's and district and dates, times, and location of the meeting sufficiently in advance to allow participants to adjust their schedules to assure participation. If participants cannot be available on the scheduled date, CAF Monitor is to notify CESAD-CT immediately. Alternates knowledgeable of the audit report and current actions must be identified to participate in the OARB meeting and must be identified to CESAD-CT in advance of the OARB meeting.

#### **LESSON LEARNED - DEPOT CORROSION CONTROL FACILITY**

*(Rick Hedrick/Susan Killgore, CESWT-CT)*

PROJECT: Two-Phase Design/Build  
Depot Corrosion Control Facility, Tinker Air Force Base, Oklahoma

BACKGROUND: A recent change to Federal law and the Federal Acquisition Regulation (FAR) allowed the use of a new procedure for selecting contractors for award of design-build contracts. This procedure, known as two-phase, allows the Government to evaluate initial offers without regard to price, and select up to 5 contractors for a final evaluation, which includes price. This procedure is particularly encouraged by the FAR when design work must be performed by offerors and these offerors will incur a substantial amount of expense in preparing offers.

ISSUE OF NOTE: The two-phase procedure was used for a \$13M project, Depot Corrosion Control Facility at Tinker AFB, Oklahoma. The issue explored here is, was it successful in this instance; and, should the procedure be used for other projects?

#### DISCUSSION:

1. The Tinker project was given to Tulsa District for fast track execution after attempts to achieve a local government execution solution failed. The project came to the Tulsa District with no design effort accomplished and no time available to allow even minimal design in order to execute the project. As a result, the two-phase procedure was selected for execution as it met all of the requirements of FAR 36.3 and it provided the only viable method for execution within the time frames established by the customer.

2. By using this procedure, Tulsa District was able to award this project within the required time frame, 9 months earlier than could have been accomplished by traditional design-bid-build and 3 months earlier than could have been accomplished by other design-build selection procedures.

3. The initial phase received proposals from 11 offerors, about 50% more interest than previous design-build procedures had obtained. These 11 were then reduced to three offerors for the second phase of the process. The contract was awarded within the funds available and there were no protests.

4. After award of the project, questionnaires were sent to all offerors and all participants in the selection phase for the Government. In all, 27 of these questionnaires were sent with 13 responses received. The results of these questionnaires identified approximately 37 strong points to the process and 22 weak points. These strong and weak points are listed at Attachment 1. The significant strong points were that the process achieves significant schedule savings, provides greater incentive for innovative solutions and use of industry standards (vice military standards), places more control/responsibility on the designer/builder and reduced the expense of preparing proposals for those not being included in the second phase. The significant weak points were that there is a



large unrecoverable expense of preparing offers for the three finalists, the perception that only larger firms could succeed in being awarded these types of contracts, the process is extremely difficult and time consuming for the government evaluators, and the performance scope of work made it difficult for the final offerors to understand the users needs. Additional comments included recommendations to pay a stipend to those offerors participating in the final phase, allow design reviews during the second phase and conduct a predesign conference at the beginning of phase two.

**RESOLUTION:** The two-phase process was a success for this project and should be considered as a possible acquisition strategy on all projects, particularly those involving highly complex facilities.

All respondents to the questionnaire (5 contractors) indicated they would participate in this process if it were used on future projects. As the first project using this process, there are understandably improvements which can and should be made. However, the process is another tool which should be considered by all responsible project management teams.

**INSIGHTS:**

1. Site visits and a predesign conference with each offeror selected for phase two should occur. This should alleviate the weakness which noted that the performance scope of work make it difficult to understand the users needs.

2. Consideration should be given to paying a stipend for all offerors in the final phase. Although FAR 36.3 makes no allowance for paying a stipend (it does not prohibit, either) and although it is the opinion of this author that it is unnecessary, there may be some instances in which it could or should be used. This would alleviate the weakness which noted that there is a large unrecoverable expense in preparing offers for the second phase.

3. FAR 36.3 allows for the use of one solicitation for the entire process or using a different solicitation for each phase. One solicitation was used for the Tinker project and it is the opinion of this author that one solicitation is preferable. However, there may be instances when two solicitations might be beneficial.

4. Competition for this project was greater than on any other design-build project issued by Tulsa District. The process requires minimal effort for the initial phase proposal, an apparent reason for this larger pool of contractors from which to choose. Small business should be encouraged to participate to alleviate the weakness which noted that there is a perception that only large business could succeed. It should also be noted that one of the three finalists on the Tinker project was a local small business. There is a temptation to complicate the selection criteria used for the initial evaluation and requiring more definite information in the initial proposals. This temptation should be avoided as it could easily restrict competition.

**INTEGRATED PRODUCT TEAM (IPT) PROCESS**  
(William Brewer, CETAC-CT)

The Integrated Product Team (IPT) process provides contract support to U.S. military troops deployed to the Balkans in support of Operation Joint Guard.

**Facts:** To date the Logistics Support Services Team at the Transatlantic Programs Center (TAC) has employed the IPT process twice to provide logistic support services to U.S. military troops deployed to Bosnia, Croatia and Hungary through the LOGCAP and the Operation Joint Guard Sustainment contract With Brown & Root Services Corporation (BRSC), Houston, Texas.

The IPT was employed for the first time at TAC to provide a six month extension of logistic support services under the LOGCAP contract

(DACA78-92-C-0066). These services included; base camp operations & maintenance, laundry & food service operations, transportation, equipment maintenance, container handling & shuttle bus services, road repair & maintenance, class III operations (bulk fuel distribution), mail route operations, hazardous waste management, and short duration redeployment services for troops leaving theater. Primarily BRSC provides all logistic support services to the deployed troops. The contract method chosen for LOGCAP is cost plus award fee (CPAF).

The idea to perform an IPT for the six month extension of the LOGCAP contract came from the first AMC Army Roadshow. The contracting officer (Bob Gruber) for the LOGCAP contract was hesitant to employ this process since there had been some adversarial relationships between the customer, United States Army Europe, Deputy Chief of Staff for Logistics (USAREUR DCSLOG), Defense Contract Audit Agency (DCAA), Defense Contract Management Command (DCMC) corporate Administrative Contracting Officer (ACO) team in the past. Since this contract supported contingency operations, it was hard for DCAA and DCMC to depart from conventional contracting procedures, whereby a negotiated contract or modification was required in place prior to services starting. Throughout the term of the LOGCAP contract, modifications were issued through unpriced change orders (UCO's) or undefinitized contract actions (UCA's) that were definitized later within the requirements of Defense Federal Acquisition Regulation Supplement (DFARS). The other problem was the customer not understanding cost reimbursement contracting procedures and trying to apply fixed price procedures to this contract. It should also be noted the schedule to definitize this action was very tight, considering the use of conventional contracting procedures.

A result of these adversarial relationships and the tight schedule, the IPT process was employed for this extension of services. The team consisted of

the principal stakeholders of this contract activity, which were members from the Transatlantic Programs Center (TAC), DCAA, DCMC, USAREUR DCSLOG, and BRSC. The team kicked off the IPT at BRSC's offices in Houston, Texas on 30 October 1996. A charter was prepared depicting the functions, roles and goals of the team. The team was tasked with developing the method by which BRSC would submit its proposal costs through a series of cost drivers. These cost drivers were dependent on headcounts of troops, bed counts, historical data or developed from the ground up. We were told an average of 10,000 troops would require support and that from time to time there would be fluctuations in troop strength, due to rotation of commands, of up to 14,000 troops. From these scenarios the team had to determine the cost drivers (head count or bed count) and whether to use historical data, perform a ground up analysis on work not previously performed, and provide any seasonal factors if applicable. The process continued through 8 November 1996 for the majority of the team with exception of DCAA who remained on site to ensure the cost drivers and other factors were utilized in establishing individual costs. A proposal was received from BRSC on 20 January 1997 and a contract modification, extending the LOGCAP event for an additional six months was awarded to BRSC on 13 February 1997.

The IPT process was an excellent tool to use because it cut normal conventional contracting procedures from 180 days to 106 days. In the conventional contracting process audit reviews are performed after receipt of proposals causing adversarial reviews. The independent government estimate for the six month extension was \$116 Million and the final negotiated estimated cost was \$84,087,742. The IPT process permits auditors to review and provide comment on portions of cost data and proposal format prior to contractor proposal submission. The auditors cannot help the contractor prepare their proposal though. In this particular case, the auditors did not question any

costs nor did they find any unsupported costs. The process provides for open communication amongst all team members and empowers them to make decisions without interference at all levels. The IPT brought together a more cost efficient contract modification to extend services in a short period of time. The process also developed a better understanding of contracting procedures to those team members who didn't understand them and relationship with BRSC. The IPT process is matter of choice now since it was first utilized.

The IPT process was utilized a second time to award the Operation Joint Guard Sustainment (OJGS) contract (DACA78-97-D-0001). This is an IDIQ contract that replaced the LOGCAP contract when it expired and provides sustainment services to the troops still deployed to Bosnia, Croatia and Hungary, similar to those provided under LOGCAP.

Due to the uncertainties involved in a contingency environment such as this, it became difficult to establish fixed price task orders. To date all task orders issued against the contract have been cost plus award fee. The IPT process was similar to that performed in the six month extension of LOGCAP, except that the services were to cover a one year basic contract period, with two six month options. Since the services were similar to the LOGCAP extension, the IPT was responsible for reviewing the cost drivers and other factors to ensure they were applicable to this contract. The IPT process started on 17 March 1997 and the contract was awarded on 19 May 1997. The process took a total of 63 calendar days to complete. The total negotiated estimated cost for the basic contract year was \$139,215,485 and each six month option was \$69,317,488 and \$64,396,179 respectively.

As stated earlier, the IPT process is a preferred choice amongst the team members. This process has eliminated those adversarial actions that have arisen in the past over conventional contracting.

#### **GAO Protest Defended** (Don Grskovich, CELRC)

The Chicago District successfully defended a GAO protest from an unsuccessful offeror that protested the Contracting Officer's nonresponsibility determination. The basis of the determination of nonresponsibility was an unsatisfactory performance rating in previously awarded Corps contracts. Although the Small Business Administration (SBA) denied the issuance of a Certificate of Competency (COC), the unsuccessful offeror protested that the previous CCASS rating was unjustified and that there were other contracts (non-Government and Government) that should have been used in the nonresponsibility determination. After the SBA denied the COC, and during the course of protest resolution, the unsuccessful offeror continued to submit additional information to the Contracting Officer on previous contracts. Although the Contracting officer reviewed the new information submitted, it was determined that it was not adequate to reverse the initial nonresponsibility determination. GAO upheld the actions of the Contracting Officer on the grounds that the Contracting Officer did not act in bad faith and there was no lack of reasonable basis. GAO ruled that "As the Contracting Officer gave SBA the entire file pertaining to the initial determination of nonresponsibility, and there is no evidence of bad faith, the GAO did not consider the protestor's allegations pertaining to the initial nonresponsibility determination". Lesson learned in this case are:

- 1 - if the Contracting Officer must go to SBA on a COC, the best policy is to release to SBA the entire backup behind the nonresponsibility determination, and
- 2 - if the unsuccessful offeror continues to submit additional information after the nonresponsibility determination was made, the Contracting Officer must act reasonably in assessing the new information against the previous information.

II. Flexible Contracting for Emergency Standby Equipment The Chicago District used an innovative contracting technique in satisfying a requirement to

provide a crane and barge at the Chicago Lock while the lock was undergoing dewatering. As the lock is a vital part of the City of Chicago's flood control system during a heavy rain event, a method had to be devised to provide for the emergency lifting of the bulkheads (estimated 4 hour response time) during the months of November to April if a rain event were to occur. If the bulkheads were in place, the lock could not be opened to provide flood control. Rather than awarding a firm fixed price contract for the entire period, a 4 phased-type contract was awarded structured as follows:

Phase 1 - Firm Fixed Price per day for each day of the contract period for the contractor's barge and crane to be on-site at the lock.

Phase 2 - A daily rate for the contractor to have his crew on-call if it was anticipated that there could be a rain event. The contractor would be put on call, and the contractor would only bill against this line item for the amount of days the contractor's crew was put on call by the Government.

Phase 3 - A fixed price for the contractor's crew to come to the site and hookup the crane to the bulkheads. The contractor would bill for this line item only if the Government instructs the contractor to mobilize the crew to the lock.

Phase 4 - The contractor actually lifts the bulkheads out of the lock to allow the lock gates to be opened for flood control. The contractor would be paid a fixed amount, but only if the Government instructs the contractor to actually lift the bulkheads.

During the '97 - '98 Winter, the contractor was put on Phase 2 call a couple of times, but Phases 3 and 4 were never implemented, and consequently, the Government did not have to pay for those services, thereby saving significant dollars. It must be noted, however, that at the time of contract award, all 4 phases need to be funded as the Government was obligated for the costs of phases 2,3 and 4 if implemented, and there would not be the time to obtain funds prior to instructing the contractor to implement those phases.

## CURRENT GOVERNMENT PROPERTY

*(Robert Gruber, CETAC)*

In April 1997, one of the Transatlantic Program Center's (TAC), Directorate of Contracting employees attended the IND IO 1, Contract Property Administration Fundamentals class at Air Force Institute of Technology (A-FIT), Wright Patterson Air Force Base, Ohio. The employee reported that during the class, the instructors, Dr.'s Doug Goetz and John Paciorek frequently made inaccurate statements about TAC's LOGCAP contract that was utilized to provide logistics support to U.S. military troops deployed to Bosnia, Croatia and Hungary, in support of Operation Joint Guard (OJG). They also made some erroneous statements about the performance of the contractor, Brown & Root Services Corporation (BRSC), Houston, Texas, the contract setup and the lack of property administration by the government under the contract.

Dr.'s Goetz and Paciorek are members of Ms. Eleanor Spector's FAR Part 45 rewrite team. They are recognized as the only two professors by DOD and the Defense Acquisition University (DAU) certified to teach government property administration. They also teach private industry employees property administration. They are responsible for rewriting the DOD Property Manual.

We felt it was necessary to clear up these misunderstandings. Mr. Bill Brewer, Director of Contracting at TAC and I (Bob Gruber, Contracting Officer, LOGCAP contract) called the professors to discuss these misunderstandings and to invite them to TAC to learn more about the LOGCAP contract and contingency operations. Instead they invited us to AFIT to speak to their IND 201, Intermediate Contract Property Administration class at the end of May, 1997.

We spoke to the class, responded to many questions and cleared the air on many issues. It

was apparent the two professors had little to no involvement in contingency contracting, especially an event such as the magnitude of OJG. We were given a draft copy of the FAR Part 45 property re-write and were directed to the proposed clause at FAR 52.245-5, Government Property (Cost-Reimbursement, Time and Material, or Labor Hour Contracts). This clause, as written would deny contractors on cost reimbursement contracts from acquiring equipment for the Government unless the equipment is specified as a deliverable end item. We emphasized this would hamper operations such as OJGS since the thrust of the contract was to provide logistic support services to the troops. We emphasized that contractors could not provide the amount of equipment necessary to support an operation the size of OJGS out of their own stocks and remain solvent or without leasing at an enormous cost to the government. This is especially true when one considers that OJGS is spread out over three countries. We felt, the draft regulation was addressing contracts where contractors were working in Government Owned Contractor Operated (GOCO) plants, where they supplied the equipment and would amortize the cost of equipment over the life of the contract. We stated that our contract was different, in that material and equipment costs were direct charged to the contract in accordance with the contractors Disclosure statement.

We invited the professors to travel to Bosnia, Croatia and Hungary with us so that they may see first hand how we handled contractor acquired property in a contingency environment and to view BRSC's operations. We felt if they could see these operations, they would be able to 'de dialog to the FAR rewrite committee to change the draft ruling and better write the DOD Property Manual. They accepted our request, however, were concerned about their training schedules and funding for the trip. I continued to pursue the trip with the professors and in September 1997 a window opened up for them to travel during the first three weeks of November 1997 if they could get

permission from DAU to re-schedule one of their classes. Permission was obtained, invitational travel orders were cut and information went back and forth on preparations for the trip, such as shots required, passport data, TA-50 gear requirements, itineraries and scheduling them for STYX training at Hoensfeld, Germany to allow them to travel within Bosnia. This training is required for all travelers to Bosnia and includes mine warfare, media and first aid training and human/vehicle search techniques. Mr. Brewer and I had already been certified at Hoensfeld. We also had to obtain necessary Country Clearances and SECDEF approval to travel within the Theater of Operation. The latter approval came within two work days prior to starting our trip.

On 3 November, 1997 the two professors and I traveled to Wiesbaden, Germany. Between 5 and 7 November, Dr.'s Goetz and Paciorek attended STYX training and on 8 November we traveled to Budapest, Hungary to start our trip. On 9 November we were joined by the Defense Contracting Management District International's (DCMDI) lead Administrative Contracting Officer (ACO) and property administrators who have been delegated certain FAR Part 42 contract administration functions by the Procuring Contracting Officer (PCO) to perform field administration of the contract and the BRSC country/theatre project managers and the property manager. After an in briefing in Kaposvar, Hungary we traveled to Tuzla, Bosnia. Between 9 -16 November we visited all but three camps and BRSC's operations in the Operation Joint Guard, Theater of Operation. The primary purpose of this trip was to provide the visiting professors a first hand look at BRSC's operations and their property system. The professors were briefed on BRSC's procurement and property processes at each location we visited. They asked a myriad of questions, received numerous demonstrations and were performed various tests of BRSC's system.

Upon the completion of the trip the professors briefed the USAREUR DCSLOG (BG Larry LST) on

what they had observed. They contended that of over a thousand property systems they had seen, BRSC had the best. They stated that they had some pre-conceived notions prior to making the trip that the contractor's system and the government's administration of that system had gone amiss. They were surprised to see the opposite. They stated that the visit had opened their eyes to a lot of areas not currently addressed in the DOD property regulations with regard to contingency contracting and based upon that, they found it remarkable that we were able to run a contract such as OJGS within the boundaries of property law. They were extremely complimentary of BRSC's property management and our administration of the contract. They told us that because of having seen this operation, they would be better able to make recommendations of suggested changes to the committee on the rewrite of FAR Part 45 and the DOD Property Manual.

Since the professors return, they have been successful in removing the restriction on contractors of only being able to acquire equipment if the equipment is an end item(s) under cost reimbursement contracts. They continue to work with the FAR Part 45 and DOD Property Manual rewrite teams.

### **BEST VALUE SOURCE SELECTION** (Marsha Rudolph, CETAC)

1. Purpose: to describe experiences using Best Value Source Selection on acquisitions for work performed outside the United States.
2. Facts: Transatlantic Program Center has several successful contracts in which best value approach to selecting a contractor has resulted meeting our goals and having a satisfied customer.

3. The best value approach in selecting a contractor on a negotiated action is time consuming at the early stages of the acquisition but can lead to easier administration after contract award. The best value approach was first used on selecting contractors for both fixed price and cost reimbursement type contracts. It was very time consuming in developing the criteria for incorporation into the solicitation and later during the evaluation process. In the early attempts to use best value, the individuals tasked with actual evaluating the proposals were not involved in the development of the source selection criteria. They had no knowledge of what criteria and experience was expected from the firms until after receipt of the proposals and the evaluation process had started. We soon realized this aspect of our source selection process needed improvement.

4. Early in the solicitation process, the project manager and other members of the team, to include our customer, develop an outline of important factors for successful completion of the contract. The team develops this outline and decides which individuals are going to actually perform the evaluation of the proposals. The evaluating individuals are included in the discussions and development of actual evaluation factors prior to release of the solicitation and finalization of the source selection plan. (We have a local policy which states the source selection plan must be developed and approved prior to issuing the solicitation.) The idea is for all participants to have knowledge and familiarity with the requirements of solicitation prior to actually attempting to review the proposals received. Sometimes due to work load fluctuations and unforeseen changes, it is necessary to substitute individuals on the source selection team. When this happens, the new member is provided a copy of the source selection plan for their review as early as possible.

5. The evaluating team is actually two separate groups. A technical group reviews the technical proposals against the technical source selection

criteria without privy of the price/cost proposal. A separate group normally consisting of two members review the entire proposal submitted by each offeror and develops the price/cost evaluation report. The price group normally reviews the complete proposal and technical evaluation report prior to completing their price evaluation report.

6. The biggest problem our organization has seen in the source selection process is the lack of importance the evaluators have on performing an adequate evaluation. This occurs with both the technical and price evaluations. Due to the quality of these reports, it became obvious the source selection official needed to provide more hands on guidance to the evaluators when they were actually performing the evaluation. This weakness was seen on several best value source selection recommendations provided to the selecting official. Each time the teams were requested to reevaluate the proposals in accordance with the selection criteria and the source selection plan. As a source selection official, more time is spent with the team during the initial meeting to start the evaluation process. The selection official would go over the source selection plan and the criteria as outlined in the solicitation with all the members on the evaluation team. Members of the evaluation team are briefed to ensure their evaluation corresponds with the source selection plan which they help develop. Furthermore, they are advised if they have any questions or concerns during their review of the proposals the source selection official is available to provide guidance. The source selection official visits the evaluators to query as to how the evaluation is progressing and if they are having any significant problems. This extra initiative appeared helpful in the final product received from the evaluation teams.

7. Some of the problems encountered prior to providing the additional guidance explained above centered around the evaluation reports not reflecting the requirements of the solicitation and the source selection plan. Each time the reports

were returned to the teams for revision and on some occasions even complete re-evaluation of the proposals submitted. On several solicitations the price/cost evaluation report indicated the low offeror was always reasonable even when it was obvious the offeror may have misunderstood the scope of the item priced. Another problem was prices were compared to the government estimate and not to the competing offerors. This situation varied depending on if the government estimate was competitive or not.

8. Upon completion of acceptable evaluation reports, the source selection official reviews the reports, offerors proposals, and prepares the selection memorandum or development of competitive range and proceeds accordingly. This selection memorandum explains in detail the reasons for selecting the proposed awardee and why other proposals are inferior to the selectee. During this process, the evaluation teams are preparing draft debriefing sheets outlining weakness, strengths and areas for improvement. This is extremely helpful in having this ready for debriefings due to time frames required in FAR 15.505.

9. The best value approach provides the selecting official an extremely good view of the contractors proposed method of performing the scope of work and is the first step towards starting the partnering concept for successful completion of the contract. Since using this method, the number of claims have decreased tremendously and there is a more harmonious relationship between the Government, contractor and customer.

**TAC CLARIFIES LOGCAP**  
(Robert Gruber, JR, CETAC)

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## **WHAT'S NEW ON THE CAREER FRONT**

### **TRAINING UPDATE**

#### **FY 98 THE YEAR OF CHANGES!!!!**

*(Jean Neill, CEHNC)*

DEFENSE ACQUISITION UNIVERSITY (DAU) has changed the contracting courses, by combining, eliminating and renaming others. Thus streamlining the program.

They Have Eliminated  
CON 103 Construction Contract Fundamentals  
CON 106 Construction Contract Pricing  
CON 223 Construction Contract Management

Since DAU Has adjusted some of the courses across the board, our acquisition engineers are no

longer confined to using navy facilities training center courses only. They are being placed in schools closer to their location making it more cost effective for U.S. Army Research, Development and Acquisition Information Systems Activity ( RDAISA).

Current Courses Required by 0800 Series for Their Warrant.

CON 101 Fundamentals of Contracting  
CON 104 Fundamentals of Contract Pricing  
CON 202 Intermediate Contracting  
CON 210 Government Contract Law.

DAU Has Combined

CON 211 \  
CON 221 \ CON 202 Intermediate Contracting  
CON223 /

If an 1100 or Any Acquisition 0800 (ENGRS) Have Completed CON 211, CON 221 OR CON 223. They Do Not Have to Complete CON 202 to Meet Their Level II Requirement, Rdaisa Will Disapprove the Application Due to Previous Completion of Either CON 211, 221 OR 223 COURSES.

DAU Has Changed

CON 201 Government Contract Law to Con 210  
CON 231 Intermediate Contract Pricing to Con 204

New Courses Added to the Program

CON 243 A& E Contracting  
CON 244 Construction Contracting  
The Course Descriptions Can Be Found in the FY98 DAU Catalog or on the Internet. There Are Five Sessions for FY 98 and the Army Has 22 Spaces in Each Session. Prerequisites for Student, They must Have Completed CON 101 & CON 104.

DAU Has Canceled Many Sessions in Various Courses. This Action Has Affected Some Corps Employees. Rdaisa Is Trying to Find Other

Sessions to Place Our People In. I Will Be Contacting Each Person That Has Had Their Space Canceled, So We Can Try and Get Them into Other Sessions.

Please Note That it Is Imperative That Each Applicant for DAU Courses Have Listed on Their 1556 the Following Information Where They Can Be Contacted, as it must Be Put into the Attrs System. Valid Phone Number, a Fax Number and Their E-mail Address. This Information Is Needed by the Quota and Money Management People RDAISA.

The FY 99 Schedule Should Be Published in mid July 98. I Will E-mail it to All Training Coordinators and Training Officers. Please Contact Me If You Have Any Questions.

Jean Neill  
USACE Professional Development Support Center, ATTN: CEHR-P-RG  
POB 1600  
Huntsville, AL 35807-4301

PH# 205-895-7423  
FAX 205-895-7469

### **Reflections of the "Pilot" Procurement Management Mentorship Program** (By Mary FitzGerald, CEPR-O)

In March 1997, "Developing High Potential Personnel" was introduced to us as a new opportunity for formal mentoring with emphasis on professional development and acquisition. Ms. Esther Morse has been recognized and applauded for her introduction of the National Capital Region's one-year pilot Mentorship Program for Career Program 14 careerist. It is now up to us as US Army Corps of Engineers contracting and acquisition personnel to seek further opportunity by continuing the operation. Mentoring is a continuous support for everyone's needs. It is not to be used as an accessory, dependent upon your Agency's

monetary contributions to institutionalize a formal program.

Contracting is a great field. It's changing the way the government spends and buys through simplified acquisition procedures. The government now makes its own decisions for each involved decision, looks at equipment as ownership costs, and tries different experiences, policies, rules, and regulations. I strongly urge you to all go out and gather mentees to finish the job, as mentorship is a constant process. - Dr. Kenneth Oscar, DASA-P

What we are looking for...

The Mentor is required to have a strong commitment to sincerely helping the mentee. The mentee must have the interest to aspire and attain career goals. Both the mentor and mentee will be involved in orientation workshops designed to equip both with the tools necessary to be an effective mentor or mentee. The workshops will also outline reasonable expectations for the partnership and roles and responsibilities of the two parties. The requirements of each mentoring partnership will vary slightly, depending upon the needs of the mentee and the availability of the mentor. In addition, participation in the program has been identified by SARDA to present Continuing Education Units based upon established criteria.

The professional development and growth of opportunities are endless. So it is up to you to as:

#### Mentors

- \* Develop and refine your coaching and counseling skills
- \* Share your knowledge about your profession
- \* Identify yourself as a talented individual within the organization
- \* Improve the organizational climate

#### Mentees

- \* Gain an understanding of dynamics affecting your career
- \* Increase your networking skills

- \* Clarify your career goals based on self-assessments

- \* Develop a plan for achieving your goals

The institutionalization of the PMMP is a process that will not happen by itself. Management must prepare the organization for a fundamental transformation in the way it promotes mentoring and must drive the change with comprehensive policies and planned activities supported by specifically designated organizational resources. (Source: SARDA Procurement Management Mentoring Program 'Lessons Learned')

I can personally relay information to fellow Mentorship participants, and their supporting management personnel; that the time and effort placed in creating educational opportunities for others, while developing yourself will be beneficial to all of those who totally accept the challenge to learn and grow; to bring their newly gained learning experiences to others; and to share them as an instructor. I wish all of you great successes throughout your journey and the strength to keep striving towards your envisioned dreams. -Mary Fitzgerald, USACE

#### **A Corps Acquisition Professional Receives The General MacArthur Award**

On 14 May 1998, the Chief of Staff of the Army awarded the General MacArthur award to Cpt. Matthew T. Riordan, Kansas City District, Lakes and Rivers Divisions. CPT Riordan distinguished himself by exemplary service as the Deputy of the Contracting Division, U.S. Army Corps of Engineer, Kansas City District, the 7<sup>th</sup> largest contracting division in USACE. He continued to make the U.S. Army Corps of Engineers a vital part of the Army by volunteering to serve as a Contracting/Operations Officer in support of the Infantry Division during Operation Joint Guard (OJG) in Bosnia. He acted as the Contracting Officer Technical Representative for the \$484 million Logistics Civil Augmentation Program (LOGCAP) contingency contract and

served as the point of contact for the 3,000 person contractor and for the Defense Contracting Management Command International team. He also coordinated with the Joint Contracting Center and with the NATO liaison officers on special projects. He was chosen to represent the 1st Infantry Division to brief and defend over \$700,000 in facilities expansion requirements to the TAACOM Commander. CPT Riordan was also recognized by the Corps' Commander for his in-depth analysis and economic engineering of possible proposals that resulted in savings of over \$200,000 on these projects. His efforts to streamline the Joint Acquisition Review Board procedures successfully reduced the average meeting time from over three hours to less than one hour, ensuring that the 1st Infantry Division's construction needs were met timely. CPT Riordan was responsible for planning and executing the Base Camp Commanders' Course which resulted in effective resource management by new base camp commanders and recognition from the Division Chief of Staff and USAREUR staff. Finally, he acted as the single point of contact on the LOGCAP work and processed nearly 300 work orders. Other results from OJG: Received on the spot coin from the 130th Engineer Brigade Commander, ARCOM, AFSM, NATO Medal, and top-block OER.

Upon returning to the states CPT Riordan resumed his duties as Deputy of the Contracting Division flawlessly. He achieved Level 11 Certification in the Army Acquisition Corps by immediately completing Intermediate Contract Management and Government Contract Law with an average grade of 95 percent. As the spring approached the potential for flooding along the Missouri River lead him to facilitate the design and award of three separate, unique contingency contracts to provide 2-hour response flood-fighting services extendible for a five year period. As the Deputy, he also completed the staffing plan for the contracting division and coordinated the Commercial Activities (OMB A76) study effort on the Director of Public Works at Fort Riley. To ensure that the Kansas City District was taking advantage of and complying with the

many Department of Defense acquisition reform initiatives, he developed the Acquisition Reform Team concept to keep the contract specialists informed on a monthly basis. For example, as a first topic he coordinated a demonstration on electronic source selection process, a technique that could reduce the costs of future source selections by 30 to 50 percent. CPT Riordan lead the Acquisition Reform Day training in 1997 and oversaw the processing of 53 actions through Electronic Data Interchange (EDI), a solely electronic commerce federal initiative.

In an effort to pre-empt potential problems on the award of the new United State Disciplinary Barracks at Fort Leavenworth, he lead the effort to assist small businesses in receiving plans and specifications in a timely manner by providing a list of printing firms on the corresponding compact disc.

CPT Riordan was responsible for the award of the Fort Riley Barracks project (\$31 million) which was unsuccessfully attempted in 1996. This project included five barracks buildings, two soldier community buildings, and one company operations building. The award of this project made Department of the Army "green" under military construction for FY97. In addition to this project, CPT Riordan assisted in negotiating and awarding the indefinite-delivery, architect-engineer contract for master planning at Fort Riley; prepared, briefed, and received approval to obtain a Total Environmental Restoration Contract (TERC) for the boundaries of the Northwestern Division, a \$270 million contract which is the largest contract in the Kansas City District to date.

CPT Riordan is a member of the National Contract Management Association (NCMA) and will take the Contract Associate Certified Manager (CACM) exam in November; will receive his contracting officer warrant for actions under \$10 million in December 1997. He organized the kids events at the Annual District Picnic and supported the Kansas City Corporate Challenge by organizing

the Tug-o-War team to achieve 5th place and ultimately to take the Gold in Division C (see article). Finally, CPT Riordan's average APFT score in 1997 was 298 points.

**Duty:** Volunteered to stay in Bosnia so that six other USACE officers could return to their families for Christmas.

**Honor:** Served as a member of the Knights of Columbus.

**Country:** Volunteered with the Cub Scouts of America; served as a support couple for Catholic Engaged Enco unter Retreats; and maintained a relationship with former Little Brother from Big Brothers and Big Sisters Association.

### ***RECENT AUDIT FINDING***

Corps contracting offices are not conducting a thorough market research in their efforts to acquire contractor support services.

FAR 10.001 states that "agencies shall conduct market research appropriate to the circumstances before developing new requirements documents for an acquisition by that agency." It goes on to say techniques for conducting market research may include "querying government data bases that provide information relevant to agency acquisitions ... and obtaining source lists of similar items from other contracting offices and agencies."

The Information Technology Management Reform Act (ITMRA) authorizes the Office of Management and Budget (OMB) to designate "one or more agency heads as executive agents for Governmentwide acquisitions of information technology." Pursuant to that authority, OMB designated the General Services Administration (GSA) as an executive agent, thereby exempting any interagency dealings with GSA from the

requirements imposed by the Economy Act. That Act still permits requiring agencies to place orders for goods and services with other agencies, but only after following specific rules. The Army Federal Acquisition Regulation Supplement (AFARS) provides just that in subpart 17.5. It states that proposed interagency acquisitions would necessitate the preparation of a written determination and finding by the requiring activity, review of same by legal counsel and approval by "a level no lower than a SES/General Officer who is a Commander/Director of the requiring activity."

OMB memorandum M-97-07, Subject: Multi agency Contracts under the Information Technology Management Reform Act of 1996, 26 February 1997, provided further guidance on this matter. The memo authorized other (than GSA) agencies to enter into Multi agency contracts for information technology (IT) and promoted their use, advocating that the aggregation of agency demand would encourage contractors "to offer the best possible prices, and serve to reduce the overhead associated with multiple acquisitions, particularly by smaller agencies."

The Office of the Assistant Secretary, Research, Development and Acquisition, Department of the Army, has also discussed the use of these contracts in memorandum SARD-PP, Subject: Indefinite Delivery (ID) Contracts, 22 September 1997. That memo states the "the Army shall make the maximum practicable and prudent use of ID contracts, both as a user of non-Army instruments and in the establishing and awarding of such instruments." It goes on to say that Army offices shall "not award a new, single purpose contract if there is an existing ID contract, Army or non-Army, that will satisfy the requirement and represents the best business arrangement for the Army..." It further reinforces the elite status of GSA, stating that Economy Act requirements do not apply when requirements with funds are sent to GSA for IT.

Every subordinate command visited during the

course of our inspection shared a common need for contractor support in performing their information technology function. Those needs would typically be categorized as facilities management/maintenance services and include network management and maintenance, data entry, microcomputer and end user support and staffing the help desk. The Corps offices would either contract for those services directly or enter into an interagency agreement with GSA for the providing of same.

The most popular of the various Governmentwide Agency contracts (GWACS) offered by GSA are those awarded under the Federal Information Systems Support Program (FISSP). That program is designed to provide IT services to client agencies on a *negotiable* fee for service basis. GSA will always assign a project manager to the client office/agency using their contract(s). That project manager will offer to provide the client with a variety of services, to include writing the statement of work, developing a cost estimate and negotiating a firm fixed/ceiling price with the contractor. The cognizant GSA regional office would assume financial management of the contract, a responsibility that would entail reviewing and certifying contractor invoices for payment and making the appropriate payments. The client office's representative would be responsible for determining acceptability of contractor services.

Most of the inspected offices relied upon GSA to provide them with contractor support and many of the accompanying interagency agreements were entered into prior to the passage of the ITMRA. The clients were comfortable with the arrangement and saw no need to look elsewhere in view of GSA's "executive agent" status. They were satisfied with the quality of the services received and felt strongly that the rates negotiated for contractor services were unbeatable. Those opinions were reinforced by a limited market research that often times was no more extensive than placing phone calls to area businesses, inquiring about availability

of resources and requesting quotes. The possibility that better deals were obtainable from other providers of GWACs was never a consideration.

A few offices chose to acquire contractor services directly, awarding contracts to predominantly small businesses. Their choices were made after soliciting best offers from those businesses and comparing same with what GSA had in place for that locale. The accompanying documentation supported their decisions, as the majority of the rates bettered what GSA had negotiated for the same/similar skills, sometimes by amounts exceeding \$10.00/hr. It also served to refute any unqualified claims made by GSA-serviced offices about the futility of market research.

The individuals involved in making the above decisions weren't completely without fault, however. They were queried about researching the GWAC market outside of GSA. They had not done so, owing to either concerns over the restrictions imposed by the Economy Act or ignorance of the GWAC market. Concerns over the Economy Act dealt specifically with the review and approval requirements (i.e., approval at a level no lower than a SES/General Officer). A strict reading of the AFARS would necessitate the forwarding of all district command "determinations and findings" to the major subordinate command for approval. Many viewed that stipulation as a disincentive to look to other agencies.

The number of agencies involved in Multi agency contracts has grown considerably in recent years. GSA freely admits that it receives stiff competition from agencies such as the Department of Transportation (the Information Technology Omnibus Procurement), the National Institute of Health (the Chief Information Officer Solutions and Partners contract) and the Defense Information Systems Agency (the Defense Enterprise Integration Services - 11 contract). Further information on those GWACs available for use by all Federal agencies can be obtained by visiting the

Defense Information Systems Agency website at <http://www.disa.mil/D7>.

### ***TRAIL INSIGHTS IN CORPS CONTRACTING***

**Trial Attorney's Note:** This case illustrates the relationship between the VEQ clause and the Differing Site Condition clause. Notwithstanding the VEQ clause, Contractor entitled to unit price increase for overrun work under the Differing Site Condition clause where the quantity of work differed materially from the estimate in the contract.

Appeal of Met-Pro Corp., Under Contract No. DACA38-92-C-0044, ASBCA No. 49694 (Vicksburg District)

The District awarded the subject contract to Met-Pro for the removal and clean-up of petroleum storage tanks at the former Greenville Air Force Base, Mississippi. The contract contained three line items: CLIN 1 was for removal of the tanks, CLIN 2 was for excavation and disposal of petroleum contaminated soil, and CLIN 3 required the excavation and removal of hazardous contaminated soil at the site. The District considered excavation of petroleum contaminated soil under CLIN 2 as incidental to tank removal under CLIN 1. The District estimated 150 cubic yards (CY) for sub line item 2A, and 250 CY sub line item 2B (for excavation and disposal exceeding sub line item 2A). Met-Pro bid \$40/CY for both sub line items. The IFB contained boring logs which showed that the petroleum contamination in the soil was low enough to allow the soil to be used as backfill. The contract also contained the Variations In Estimated Quantities (VEQ) and VEQ-Subdivided Items (VEQ-SI) clauses. During performance, Met-Pro excavated 3832.5 CY of petroleum contaminated soil under CLIN 2. The district paid Met-Pro \$40/CY for the overrun quantities and granted Met-Pro a 94.54 day time extension. Met-Pro submitted a

\$678,689.77 claim to the CO based on variations in estimated quantities (VEQ) and differing site conditions. The claim included a costs of \$101.46/CY for sub line item 2B chiefly based on the unforeseen need to purchase and transport clean backfill to the site.

The Board (Judge James) sustained Met-Pro's appeal. The Corps took the position that Met-Pro was barred by the VEQ-SI clause from increasing its unit price for sub line item 2B. Met-Pro argued it was permitted such an increase because the overrun experienced was a differing site condition. The Board held that the overrun was caused by a type I differing site condition. The Board found that the Corps expected 400 CY of material to be removed under CLIN 2 and that Met-Pro relied on this estimate in preparing its bid. The Board then found that neither the VEQ nor the VEQ-SI clauses barred Met-Pro from receiving increased unit costs for excavation under the differing site condition clause. Therefore, the Board sustained the appeal.

### ***UPCOMING PARC TALKS***

**16 June 1998** Hazardous Waste Action Coalition (HWAC) Business Conference, Baltimore Inner Harbor, Panel on Performance-Based Contracting, 1045-1215 hours

**18 June 1998** Corps of Engineers Commanders Course - Washington Week, 1998, Panel Discussion coordinator, 1530-1645.

**6-10 July 1998** Project delivery Team Conference - Baltimore, Maryland

**20 August 1998** Annual Meeting of the Associated General Contractors of America (AGC) and HQUSACE, Washington, DC 0800-1500 hours.

**26-27 August 1998** Army Roadshow - Dallas, Texas

### ***IMPORTANT NOTES***

*CENTRAL CONTRACTOR REGISTRATION (CCR):*

It now appears as though the March 31, 1998 date by which contractors must be registered in the CCR database will be extended. The new date is May 31, 1998.

*DEFENSE ACQUISITION CIRCULAR (DAC 91-13):*

The long-awaited DAC 91-13 was published in the Federal Register (Vol. 63, No. 45) Monday, March 9, 1998. It should be posted on the OSD web page within the next few days.

## ***“PARCing” LOT QUESTIONS/ANSWERS***

### **FY98 CONSOLIDATED COMMAND GUIDELINES CORRECTIONS/CLARIFICATIONS**

General Questions: The Consolidated Command Guidelines is under critical review to effect vast changes. Some of the



metrics do not have any relevance to improving the performance of the contracting officer nor the personnel. Expect a reworkable difference in the FY99 metrics. Below are some corrections/clarifications to reduce some of your frustrations in accounting and reporting .

**Q.** Please define what is meant by "1100 series" and "800 series" when used in the CCG. **A.** USACE and SARDA define acquisition workforce as all 1102s, 1105s, 1106s, and 1103s. The 800 series USACE personnel also included in the acquisition workforce: (1) must be involved in construction contract administration; (2) must be a construction engineer (or architect), Civil Techs or Con Reps (802 or 809); (3) must be an ACO or in their feeder group at the GS 13 level or below. Based upon this criteria for 800 series, positions that are purely QA, submittal reviewers, BCO reviewers or others that have no construction contract administration duties.

**Q.** What do you mean by "in the command"? **A.** This phrase refers to your district/lab/center/division.

**Q.** The rating criteria are ambiguous due to incorrect use of ">" and "<" symbols. E.g., for "Certified Level III Acquisition Supervisors/Managers Rate", the ratings are: GREEN: 100-90%; AMBER: 90-70%; RED: <70%. Please note that 90% can be either GREEN or AMBER. **A.** Please change rating criteria for 1.a. and b. To GREEN:>90%; AMBER: 90-70%; RED <70%. Change rating criteria for 1.c. to GREEN: \_>40%. Change 4.a. to: GREEN: \_>90%; AMBER: 70-89%; RED<70%.

#### Specific Questions:

**Q.** Certified Level III Acquisition Supervisors/Managers Rate (1.a.). Indicator title and definition refers to "supervisors and managers". However, calculation refers to "all GS 12 or above 1100 series personnel". Is this indicator for "supervisors and managers" or all 1100 series personnel at GS 12 or above? **A.** The calculation includes the number of supervisors and managers in the 1100 series only.

**Q.** Certified Level II Acquisition Supervisors/Managers Rate (1.b.). Calculation requires dividing total number of all GS 5 thru GS 11 1100 series into all Level II certified GS 7 thru GS 11. Shouldn't the lower grade for the GS levels be the same? **A.** Change the **Definition** to GS 6 thru GS 12. Additionally, change the **Calculation** to: Acquisition Workforce Level II Certified = (Number of all Level II Certified GS 6 thru GS 12 divided by the total number of all GS 6 thru GS 12 1100 series personnel eligible for Level II certification in the command) times 100%. (NOTE: Since 1106s have no certification requirements, they are not included in this calculation.)

**Q.** Credit card Usage Rate. Calculation should only reflect Block F1 of DD Form 1057. **A.** That is correct. Change the calculation to read "...the number reported on DD Form 1057 block F1) times 100%."

**Q.** Indefinite Delivery Contract (IDC) Usage (2.c.(1)). In the calculation, does the "total available total IDC contract capacity" refer to the total capacity which includes base plus all options? Also, the Definition and Calculations mentions individual calculations for areas listed (e.g. HTRW, TERC, PRAC, etc.). Do you want all of these calculations or just one?

**A.** Individual calculations should be made as directed. However, only one cumulative calculation should be reported. Please remove the second "total" in the **Calculation** in the front of the term "IDC". For this calculation only use whatever part of the IDC that has been exercised. The capacity of options that have not been exercised should NOT be included.

**Q.** IDC(s) with less than 33% usage (2.c(2)). Please clarify the period of consideration. Does it include contracts that have expired within a year of the CMR or will expire within the year after the CMR? And when is the CMR? **A.** Please change the Calculation to, "The number of all IDC(s) that will expire within one year following the report date with a usage rate of less than 33%."

**Q.** Contracting Efficiency (2.e.(3)). Shouldn't we be including DD 1057 to calculate total obligations? In addition, the calculation for the this indicator does not work. **A.** USACE uses DD 350s as they best reflect our existing workload. A phrase is missing from the Calculation. Please change it as follows: Total Number of Acquisition Workforce Members (includes 1100 series and 800 series) times \$25,000 divided by the total **value of** SAACONS actions over \$25,000, plus NAF actions over \$25,000. [The value \$25,000 is used by SARDA so we use it to be consistent.]

**Q.** Contract Audit Follow-up (CAF) Rate (2.f.). Definition discusses accurate submission of "two CAF reports" while calculation uses "total number of all CAF reports submitted". How should we calculate this when we have less than 2 reports? **A.** Change the **Calculation** to, "... (Number of complete, accurate and timely CAF status records divided by the total number of all CAF records required for submission) times 100%." By changing "report" to "status records" each individual record is considered in the calculation and the fact that multiple records are forwarded under one report is recognized.

**Q.** Rightsize/Utilize Acquisition Workforce Rate (3.b.). What is the criteria for determining "properly maintained in support of critical mission functions. (Hub/ Liaison) and utilized by the Command's Acquisition Work Force Manager"?

**A.** Your division commander with the support of his district commanders determines his unique hub/spoke strategy and professionalism (1.c.) - The 24 credit hours in this metric should be more specifically, 24 hours of business courses. The rating should be GREEN: >40%; AMBER: 40-20% and RED: <20%. Processes (2.d.) - Contractor Performance Evaluation Rate. The rating should be GREEN:  $\geq 90\%$ ; AMBER: 89-75% and RED: <75%. Rightsizing/hubbing/spoking is about efficiency--having the right number of acquisition personnel to support the new concept of full service contracting; reducing the commander's overhead; creating greater interdependence among divisions and districts; and concentrating contracting efforts on what the contracting office needs to do best.